GETTING Globalization RIGHT

THE DILEMMAS OF INEQUALITY

edited by

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Brazil: Globalization, Poverty, and Social Inequity

Simon Schwartzman

Brazil is a country with reasonable levels of economic development, but serious shortcomings in the social sphere. The *Human Development Report*, published in 2002 by the United Nations Development Program (UNDP), puts Brazil in the seventy-third place in the overall ranking of social development. With US$7,600 per capita, it ranked fifty-ninth on income, but lagged behind in indicators such as infant mortality and literacy. Brazil is also supposed to have one of the worst income distributions in the world (United Nations Development Program 2002; Urani 2002). In this chapter, I will discuss to what extent this situation is due to external factors affecting Brazilian society, or internal ones. I will also provide some information on the nature and scope of these social shortcomings and on the possibilities for dealing with them.[1]

The Impact of Globalization

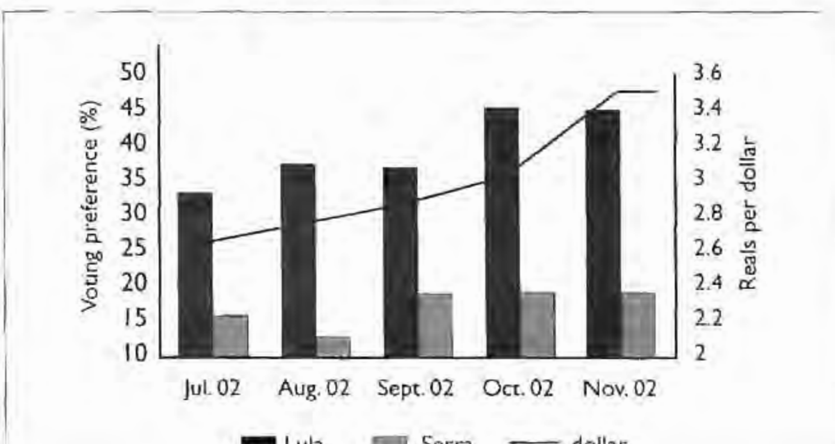
In the second semester of 2002, as the presidential campaign intensified and the likelihood of a victory for the leftist opposition candidate increased, Brazil experienced the full impact of globalization. For several months, the country had been resisting contamination from the Argentine debacle, which plunged that country into a terrible financial crisis. The Argentine problem had very concrete effects for Brazil, on trade and all other economic transactions between the two main partners of Mercosur, effects that were amplified by the perception, in international financial markets, of the growing risk of "Latin" debt, in spite of the large differences in the conditions and economic policies of the two countries. However, the impact of Argentina on the Brazilian economy was much smaller than the effects that public opinion polls showing the growing support to the candidate of the Laborers' Party (PT) had on the assessments of a few rating companies, which caused the "Brazil risk" to soar and the

country's currency to lose about 50 percent of its value in a few months (see Figure 6.1).

The rush of foreign investors to get out of Brazil at any price was labeled by the Brazilian financial authorities of the time as an "irrational" behavior of a nervous market, unrelated to Brazil's economic reality. There was a clear risk, however, of a self-fulfilling prophecy. As the *real* fell, interest rates soared; long-term debt papers were replaced by short-term ones, often indexed to the dollar; and the likelihood of a debt default increased. This was a typical "globalization" event—the fate of countries does not seem to depend any longer on the hard realities of their economies, but on the fleeting waves of good and bad feelings and expectations that washed anonymous markets in New York or London.

This situation led to joint action between government and the opposition, through which the government negotiated a $30 billion loan with the International Monetary Fund (IMF), and the main opposition candidate made a public commitment to honor it. Once in power, President Luis Inácio Lula da Silva kept his word, in a clear turnabout regarding the views expressed by the party and its allies until then. Before, it was common to hear proposals to stimulate the economy with the expansion of public expenditures and drastic reductions of interest rates, and to postpone, renegotiate, or cancel the payment of the international debt.[2] Once in power, the

Figure 6.1 Election Polls and Exchange Rates



Source: Election polls data taken from the DataFolha surveys published in the daily press. Exchange rates are mean values, as posted by the Brazilian Central Bank.

new stand was that the government would not "reinvent the wheel" in economics, would not overspend, would not tinker with inflation and the interest rates, and, to make sure that it was committed to this policy, a former top executive of Bank Boston was invited to head the country's Central Bank.

Economic conservatism was justified in terms of realism, to be compensated by strong and immediate actions in the social sphere, dealing at once with the problems of hunger, illiteracy, housing, health care, and poverty. In the long run, the economic model inherited from the Cardoso government, which placed integration with the international economy ahead of the social needs of the people, would be replaced by a different economic policy, still to be described in detail.

In this chapter, I argue that the notion that there is an option to be made between a policy of international integration, leading to poverty and social inequity, and a policy of national self-sufficiency, leading to economic development and social equity, is a false dilemma. The debates in Brazil have always evolved around two juxtaposed issues, the internal versus external dimensions, and the relative weight of state versus market, or society, in the economy and in the implementation of social policies. There is a tendency to identify "state" with "national," and "market" or society with "international" or global. However, this is in large part an ideological argument, or a rhetorical device.

From this perspective, I will examine some of the key social issues facing Brazilian society, trying to ascertain to what extent they have been shaped and influenced by external or internal forces. My conclusion is a simple one. Global trends have their impact, as they always have, on the internal life of countries, with the peculiarities of place and time. The main novelty of recent years is perhaps the speed and depth of short-term fluctuations in international perceptions and, consequently, in international capital flows, as well as the sheer scale and availability of these resources. It is necessary, however, to distinguish these abrupt fluctuations from the long-term effects of the country's insertion in the international economy. It is also necessary to distinguish between the economic and the broader social implications of external conditions. The economy places a strong limit on what can be done in the social realm, but it does not determine all the choices; it is always possible to do better, or differently, with the existing resources.

Concepts: From Dependency to Globalization

Global integration is nothing new to Brazil, nor its links with poverty and social inequity. The country started in 1500 as a colonial enterprise of the Portuguese Empire, and expanded using slave labor for the production of sugar, gold, and coffee for international markets. Administrative cities, trade, and military outposts were established along the coast to handle the

colonial interests, and a population of mixed-blood. impoverished freemen grew in the shadows of the export economy. Political independence in the early eighteenth century was a direct consequence of the Napoleonic wars. The new country relied on England for international recognition and on the Rothschild bankers to finance its imperial government, which fell at the end of the century when Britain decided to stop the international slave trade. In the early days of the republic, coffee production depended on millions of immigrants arriving from Europe and Japan. Brazil suffered the impact of the 1929 crisis, its economy was reorganized to participate in the military efforts of World War II, and, since then, benefited or suffered the impacts of the expansion of international trade, the Cold War, and the industrial and technological revolutions of the late twentieth century.[3]

In the 1960s, as a political exile in Santiago de Chile, the Brazilian sociologist Fernando Henrique Cardoso wrote a book in partnership with Enzo Faletto arguing that the political, economic, and social conditions of underdevelopment in Latin America could only be interpreted in terms of the countries' international dependency. Poverty was a central concern, as the most obvious face of social and economic underdevelopment.[4] The notion was that, to overcome it, the countries should create a modern industry that would generate a modern and strong proletariat, which would in turn strive for a social-democratic or socialist regime. The local oligarchies, in partnership with foreign interests, kept the economy tied with the production of primary goods, and did not allow for modern industry to grow. The struggle for economic development and against poverty should be a struggle against the alliance of local oligarchies and foreign interests. Hopefully, national bourgeoisies could emerge and join arms with peasants and workers in this fight against local oligarchies, international interests, poverty, and dependency. If not, the national state should fulfill this role.[5] In the 1950s and 1960s, it was inevitable that these views would have strong international consequences, with countries and political movements aligning themselves with the Soviet block, or trying to create a third path between the two conflicting camps in the Cold War. With some variations, these notions were already present in the economic papers of Raul Prebisch and the early works of the United Nations Economic Commission for Latin America, and in a growing literature on colonialism and underdevelopment in Asia, Africa, and Latin America; but Cardoso and Faletto dressed it in Marxist terms, and the authors came to be known as the founders of a new school of thought in the social sciences.[6]

The dependency theories did not resist the emergence of the so-called Asian tigers and the end of the Cold War. How could it be that Korea and Taiwan, poorer than Brazil in the 1950s, became rich in the 1980s, while Brazil and other Latin American countries lingered through the "lost decades"?[7] Why, in Latin America, did some countries, such as Mexico,

Costa Rica, and Chile, seem to move forward, while others, such as Honduras, Peru, and Bolivia, stagnate? During the Cold War, it was still possible to try to explain these differences by each country's peculiar place in the international arena: Korea and Taiwan were supposed to be pawns in the Cold War, and to have benefited from this special condition. Soon, however, it became obvious that the achievements of these countries in education, technology, and industrial development required deeper interpretations, having to do with their values, attitudes, and past policies in human resources and social organization.

Two streams of thought followed from this new context. In the first, globalization was perceived as bringing a new era of prosperity, through the free flows of capital and knowledge. An initial, but shortsighted explanation for the achievements of the "Asian tigers" was purely external: these countries were successful because they had kept their economies open to the international markets, while countries such as India, Brazil, and others did not. However, this explanation was not sufficient. It was necessary to go back to the countries and to try to understand, beyond the circumstances of the Cold War and short-term economic orientations, why some were able to carry internal and external policies that allowed them to reap the benefits of the international economy, making their societies richer and more egalitarian, while others did not. This included some old questions, like their climate and natural resources (Landes 1999), and others not so old, like the way their governments were organized, the extent and quality of public education, the space allowed for free enterprise, how they dealt with science and technology, and the legal, institutional, and cultural conditions for the operation of efficient public administration and modern business enterprises. The World Bank, a central institution in the new global world, has had an important role in fostering this line of inquiry, trying to influence countries to reform their institutions and harvest the benefits that were supposed to flow from the new international scenario.[8]

The second approach was to put the emphasis not on the countries, but on the new international context, described now by the term "globalization," as something different and more overwhelming than the old "internationalization." There is no consensus on what this new globalization actually means; but the starting point is the intense penetration of national societies by all kinds of international networks, associations, institutions, and cultures—financial markets, large multinational companies, nongovernmental organizations, the international media, academic circuits, religious movements, and new international and multilateral institutions, from NATO and the European Union to the Arab League. Globalization is seen as a multidimensional trend, with economic, military, cultural, technological, political, and environmental aspects and consequences, each requiring special attention.[9] A common feature of this second approach is a

rebirth, in new clothes, of the old dependency theory: the notion that the global constraints placed on individual countries are too strong to be countered by local policies, and a renewed concern with the need to reform the international order. Instead of the old imperialism and neocolonialism, the culprit is now globalization, with similar consequences and implications.

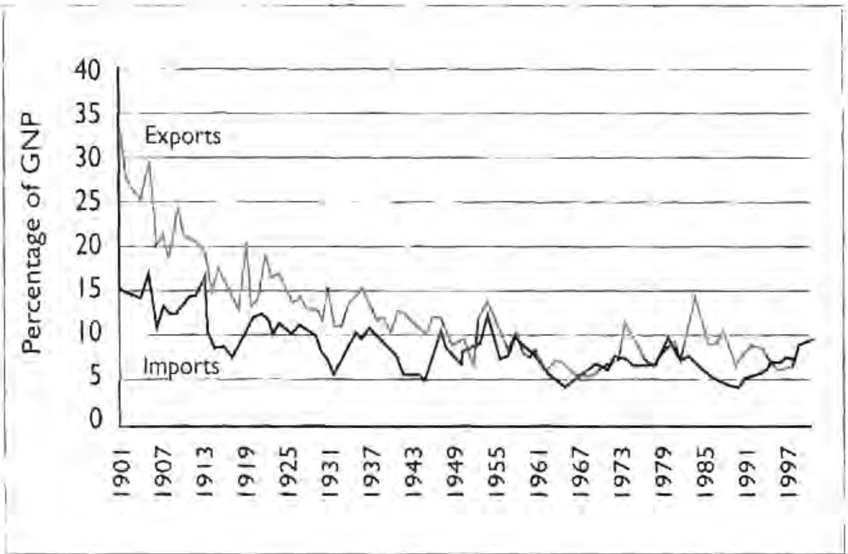
History: From Isolation to Global Integration

In spite of the long history of being linked and shaped by international trends and conditions, Brazilians like to think of their country as a relatively isolated entity, and this is more than a simple image or false perception. Two possible explanations are the early decadence of Portugal as a world colonial power, and the country's sheer size. Countries that emerged under the influence of England or France have kept stronger ties with the language, culture, institutions, and business interests of their old metropolis, whether in harmony or in conflict. In Spanish Latin America, Spain remains an important cultural and institutional reference, even if its economic significance is often not very large. For Brazil, however, Portugal is little more than a sentimental memory. The intellectual and cultural contacts Brazilians have had with France, as well as their business links with England, have remained limited to the elites, out of the eyes and perceptions of most of the population.

Size contributed to this relative isolation. Since the sixteenth century, Brazil went through several economic cycles—sugar in the northeast, gold in Minas Gerais, coffee in Minas Gerais and São Paulo—all related to the external markets. As the business cycles evolved and moved from one region to the other, however, expanding the frontier, they left a growing population scattered in a large territory, living mostly in poverty, producing for subsistence and impoverished local markets (Furtado 1963; Prado Júnior 1967; Katzman 1977). Slavery, prevalent until late in the nineteenth century, was replaced by international migration at the turn of the century, which also fueled the expansion of cities such as Rio de Janeiro, São Paulo, and Porto Alegre. Gradually, the internal economy expanded, with the production of food for the internal market, and the beginnings of industrial and services activities around the main urban centers. Early in the twentieth century, when Brazil was the world's leading supplier of coffee and the country was mostly rural, the external sector accounted for almost 35 percent of the country's economic activity. After World War II, however, as the economy grew, the relative size of the external sector shrank, going down to 15 percent or less, with a small rebound in the last years of the Cardoso government (see Figure 6.2).

This relative isolation was reinforced by the social and economic policies that prevailed since the 1930s, which can be broadly described in terms

Figure 6.2 The Closure of the Brazilian Economy, 1901–2001



Source. I am grateful to Eustáquio Reis for providing the data for this chart.

of conservative modernization and import substitution.[10] Both policies depended on the generation and maintenance of significant revenues from the export of agricultural commodities, providing the government with enough taxes to transfer benefits and subsidize specific sectors and groups. When these resources became insufficient, they were replaced or compensated by inflation or debt.

Conservative modernization meant that industrialization, economic growth, and the advantages of a modern welfare state, which started to gather strength in the 1930s by copying the features of the industrialized and welfare states of Western Europe and the United States, benefited only the more organized sections of urban society in a few regions, leaving aside both the rural population and a growing number of urban settlers without qualifications and stable employment. This political alliance between the modernizing elites in the cities and the traditional oligarchies in the countryside was at the roots of political authoritarianism in so many countries, and Brazil was no exception (Moore 1966).

Import substitution meant that the government, making use of trade barriers, subsidies, and fiscal incentives, favored and supported the development of local industries producing for the internal market, without much need to compete for efficiency or cost. It is true that the most important

industrial sector in the country, the automobile industry, has always been owned by some of the world's largest companies– GM, Fiat, Volkswagen, Ford, and Chrysler. Foreign companies were also strong in energy, chemicals, pharmaceuticals, and many other sectors. IBM was always the major supplier of information technology, even in the years of "market reserve" for personal computers. However, these multinational companies had to coexist with a select group of state-owned corporations in oil, electricity, telecommunications, mining, steel production, and others; the Brazilian financial system was dominated by state-owned banks, and closed to foreign firms; high tariff and nontariff barriers protected both the Brazilian and the local branches of multinational companies; and the relative size of external transactions in the economy remained relatively small.

The consequence was that accentuated levels of social and economic inequality came to characterize Brazil. In the main cities in the southeast, a modern society developed, with complex industries, well-financed universities and research centers, well-paid civil servants, and an organized working class enjoying the benefits of job stability, assured retirement, and health care. In the countryside and in small towns, there was little or no social protection, no public services, and no employment except for hard work and little income in extended export plantations, or precarious agricultural production for self-consumption or impoverished local markets. This huge imbalance led to heavy migration from the country to the cities and from the northeast to the south between the 1950s and 1980s, leading to the development of gigantic urban concentrations surrounded by large poverty belts, not only in São Paulo and Rio de Janeiro, but also in Belo Horizonte, Porto Alegre, Curitiba, Salvador, and Recife.

For many years, this combination of political centralization and market protection allowed for economic growth based on cheap labor, the exploitation of natural resources, and growing inflation. In the early 1970s, a period of military rule, Brazil went through a brief period of very rapid economic expansion, providing support to the ambitious project of Ernesto Geisel's government to turn the country into a mid-sized world power in a few years. In the early 1980s, however, the economy stagnated, the ambitious project was shelved, and the military returned power to the civilians.[11] At the end of the decade, the country was approaching hyperinflation, the economy was completely disorganized, and the government, paralyzed. It was time to try different roads.

Brazil Reenters the Global World: Seeking Stability, Trust, and Transparency

Brazil's reentrance into the global world, after so many years of import substitution and relative isolation, is attributed to the first year of Fernando

Collor's presidency, and his description of the cars produced by the Brazilian automobile industry as *carroças*, old mule-driven farm carts. Collor was the first president to be elected in Brazil by popular vote since 1960, bringing an image of youth, renovation, anticorruption, and an attitude that is still very popular in the country, of being "against everything that is there" ("contra tudo o que está aí"). His policies, which ended up in disaster two years later, were to stabilize the currency at any price by freezing the bank assets of the population; to lower tariff and nontariff protection to local industries; and to dismantle the public administration through across-the-board dismissals and budget cuts. Underlying all this, there were elaborate procedures to generate kickback profits for himself and his cronies from all kinds of public contracts and dealings.

The opening of the Brazilian economy to international competition had important impacts in giving the population better access to consumer goods (including food, better cars, personal computers, and household appliances). Economic stabilization, however, required long-term policies that Collor did not have the inclination or competence to implement, and the exposure of his corrupt practices led to his impeachment in 1992, the first time a Brazilian president was deposed under popular pressure, and by legal means.

Collor's impeachment was the first and more dramatic episode in a long sequence of actions and decisions aimed to reduce the high levels of corruption in the Brazilian public sector, a direct consequence of an open press and the strengthening of the judiciary system. Other episodes included the dismantling, in 1993, of the gang of politicians that controlled the budgetary process in the Congress (the so-called "dwarfs of the budget"); the impeachment and arrest of judges and politicians involved in authorizing resources for public works that ended up as deposits in their accounts in Switzerland or the Cayman Islands; the impeachment of the president of the Brazilian Senate; and the closure of agencies such as the Superintendency for the Development of the Amazon Region (SUDAM) and the Superintendency for the Development of the Northeast (SUDENE), well-known sources of political patronage and corruption.

Corrupt behavior among politicians and civil servants is just one aspect of a broader pattern of financial disorganization and inflationary practices that prevailed in Brazil until recently and still remain in many sectors. With public accounts and expenditures out of control, the distinctions between corruption, patronage, and sheer inefficiency are academic at best. From this point of view, the control of extreme forms of public corruption that started with the impeachment of Collor in 1992 can be seen as part of an effort to bring balance, control, and transparency in the use of public resources, which was, arguably, the most important achievement of Fernando Henrique Cardoso's eight years of governance, 1995–2002.

The Cardoso period started, in practice, in 1994, the year before his investiture, with the success of the "Real" plan of economic stabilization, when he was the minister of the economy. Less visible, but probably more important, were the efforts to turn off the valves of irresponsible spending that fueled not only inflation, but the whole workings of Brazil's political system. Achievements in this area include the closure of the state banks, the renegotiation and control of the public debt of states and municipalities, the privatization of large, inefficient, and wasteful public companies, and the new law of fiscal responsibility for governments at all levels. Important administrative and management reforms were required and implemented, starting with the strengthening of the Central Bank, and the production of reliable and transparent public statistics and indicators on the revenues and expenditures of the public sector.[12]

These efforts to reduce irresponsible spending and corruption were an internal response to the unbearable situation that prevailed during the 1980s, leading the country to hyperinflation and the dismantling of the public sector. Many segments in society contributed to this change, including the judiciary, the press, and an active political opposition, but the merits of the financial authorities during the Cardoso period, at the Central Bank and the ministries of economics and planning, cannot be diminished.

These policies of economic equilibrium, transparency, and corruption control had a clear international dimension, since, to increase its presence in the international scene and attract foreign capital, Brazil had to present itself as an honest and clean player. Some of the policies implemented in those years were part of the standard recipes prevailing in international agencies such as the IMF and the World Bank, including the privatization of publicly owned companies, and the efforts to keep the public finances in equilibrium, policies which, in hindsight, are coming under severe criticism.[13] It is a mistake, however, to interpret the effort to organize the economy and make the public sector more efficient and transparent as a simple response to external influences, since they responded to unavoidable internal needs.

Globalization and the Social Question

How did the policies of the 1990s affect the social conditions of the population? A simplified view of the period was that, as the economy opened up, the waves of globalization destroyed the country's industry, while the shrinking of the public sector led to a fall in the provision of public services, increasing poverty, social inequity, and misery. According to this view, globalization was the main culprit. This, however, is incorrect. It ignores the long years of inflation and institutional disorganization of the previous decade, to which the policies of economic stabilization, the control of pub-

lic spending, and the opening of the economy tried to respond. It ignores also the substantial gains in several indicators of social well-being that took place in the 1990s (see Table 6.1). The stabilization of the currency in 1994, by itself, meant a very significant increase in the standards of living of the poorest segments, and a reduction of income inequality. As the economy stagnated in subsequent years, some of those gains eroded, but, even so, all the main social indicators improved throughout the decade.

The improvements in these indicators do not necessarily reflect the effects of recent policies, since some of them, such as the increase in life expectancy and the decrease of infant mortality, are continuations of long-term trends. But they disconfirm the notion that the policies of recent years have aggravated the social conditions of the population.

Positive as some of these improvements may be, they are not large enough, and the old problems are being compounded by a new generation of social issues related to urban violence, drug consumption, environmental decay, and the health and social security needs of an aging population. Some of these issues may be related to globalization—the spread of drug consumption, or the global changes in the technologies for services and industry—and there is also a clear global effect in the establishment of priorities as responses to whatever attracts more attention to the world media. There is a clear perception, however, that there is important homework to be done to improve the country's social conditions, which cannot continue to be blamed on the external factors and influences alone. The first step in this homework is to look at the facts, and, from there, to consider the policies that are being implemented or proposed.

Table 6.1 Brazil: Main Social Indicators, 1991–2001

		1992	1995	1999	2001
People					
Life expectancy at birth	Men	62.4		64.6	65.1
	Women	70.1		72.3	72.9
Infant mortality	per thousand	43.0		34.6	
Cannot read or write	15 years old or more	17.2%	15.6%	12.9%	12.4%
Households	Water from public supply	68.1%	71.1%	76.0%	77.6%
	Public sewage system	46.1%	48.1%	52.8%	59.2%
	Color TV	46.7%	60.9%	79.7%	83.0%
	Refrigerator	71.3%	74.8%	82.8%	85.1%
	Freezer	12.2%	15.4%	19.6%	18.2%
	Washing machine	24.0%	26.6%	32.8%	33.7%
	Fixed telephone	18.9%	22.3%	37.5%	51.0%
	Cell phone				31.0%

Source: Instituto Brasileiro de Geografia e Estadística (2002).

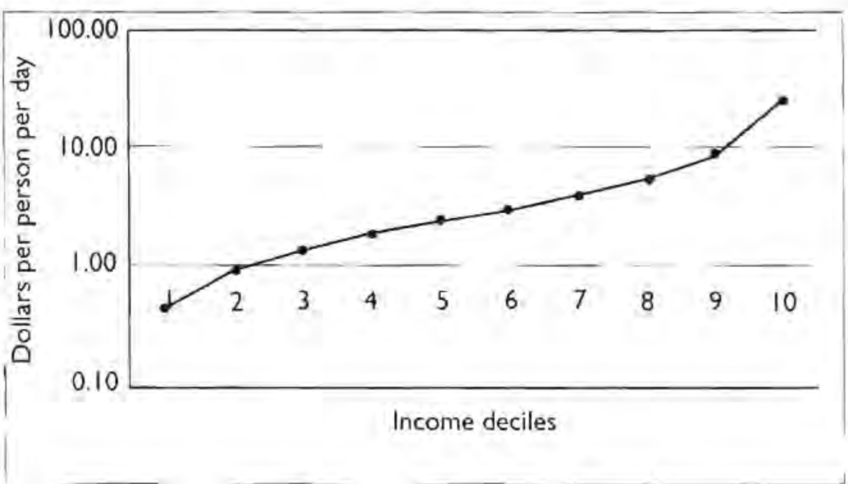
Poverty and Equity

How many paupers are there in Brazil, how many are suffering from hunger, discrimination, and destitution? What is the situation regarding income inequality?

Brazil does not have an official poverty line, and the different estimates on the number of "indigents" and "paupers" in the country vary anywhere from 10 to 45 million people. There is no problem of widespread hunger in the traditional sense, as when food cannot be obtained and the population starves. On the contrary, Brazil is one of the world's largest producers of agricultural products, and very few persons are cut off from the internal markets. There are, however, millions with very little or no monetary income, the assumption being that they cannot afford to buy the minimum levels of food in the quantity and quality needed for their survival. In periods of drought, serious situations of deprivation can affect the peasant population in the Brazilian northeast, requiring prompt relief.

The main picture can be seen in Figure 6.3, based on the National Household Survey of 2001.[14] Ten percent of the families report a per capita income of around 40 to 50 cents per person per day, well below the World Bank poverty line of one dollar per person per day. Another 10 percent has about 90 cents. In the rural areas, 27 percent of the population is in the

Figure 6.3 Household Income per Capita, in U.S. Dollars (by income deciles)

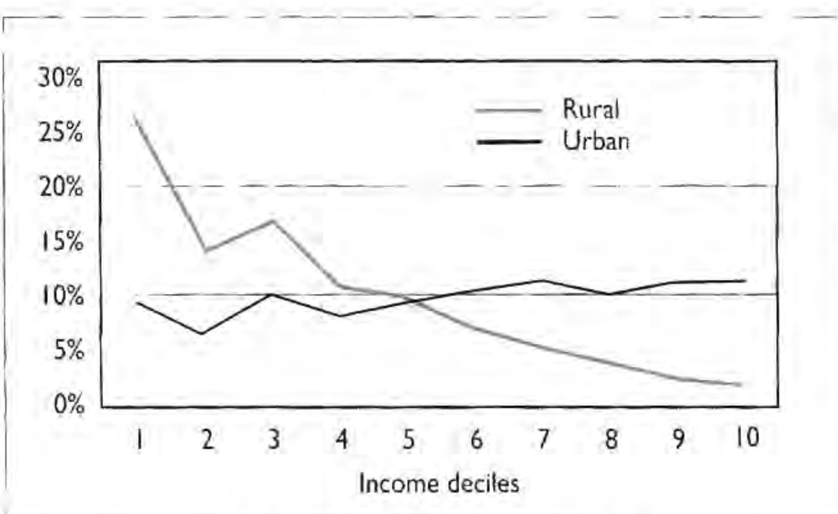


Source: Instituto Brasileiro de Geografia e Estadística (1992, 1995, 1999, 2001).

lower income bracket, and another 14 percent in the second lowest (see Figure 6.4). Since there is no systematic information on the nutrition conditions of the population, complex calculations are sometimes made to estimate the links between specific income levels and food consumption; but they are all subject to too many assumptions and interpretations to be taken literally (Rocha 2000).

A usual indication of income inequality is the Gini index, which varies from zero (everybody has the same income) to one hundred (one person has the whole income of a country or region). According to this index, Brazil had a Gini index of 59.1 in 1997, close to the level of Nicaragua (60.3), South Africa (59.3), and Honduras (59.0), and well above those of Japan (24.9), Italy (27.3), Mexico (51.9), and Chile (57.5) (U.S. Government 2002).These indexes are not the result of short-term policies, but the consequence of long-term conditions and trends. Figure 6.5 gives a more intuitive indication of the way income distribution has evolved in recent years. Historically, the added income of the richest 1 percent of the population has been higher than the added income of the 50 percent poorest. Data from the 1990s show a gradual improvement in this situation. It is important to note that these figures refer to income from work, and do not include differences in assets and wealth, on one hand, or on entitlements of different kinds, on

Figure 6.4 Distribution of the Population by Income Deciles (by area of residence)

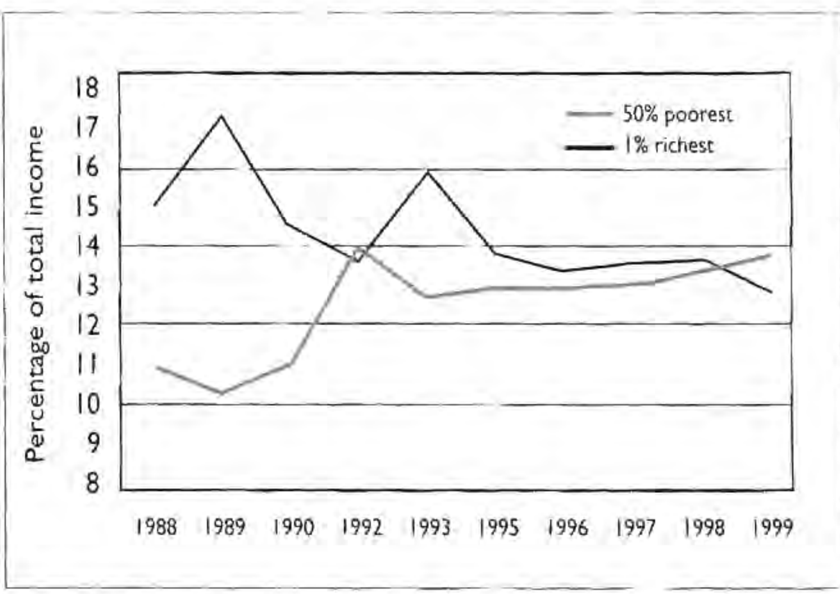


Source: Data from the Brazilian National Household Surveys (PNAD/IBGE, prepared by DIEESE (Departamento Intersindical de Estatística e Estudos Sócio-Econômicos). DIEESE (2002).

the other. They result from the high differences in economic development among Brazilian regions, and urban and rural settlers, and, mostly, from the large differences in revenues for people with different levels of formal education.

In the past, poverty and income inequality were seen as consequences of economic underdevelopment, bound to disappear as the economy improved. Now, it is clear that widely different levels of poverty and inequity are compatible with the same levels of economic development and require prompt actions. These actions, in turn, can be of three kinds. One is to redirect the existing social spending so that it benefits those with more needs. The second is to provide direct resources and support to the poorest, whether through cash, food baskets, food stamps, or other means. The third is to try to deal with the variables that are most likely to have a direct effect on the living conditions and earnings of the population—education, employment, credit, and access to land and property.

Figure 6.5 Distribution of Income from Personal Work, 1988–1999



Source: Data from the Brazilian National Household Surveys (PNAD/IBGE, prepared by DIEESE (Departamento Intersindical de Estatística e Estudos Sócio-Econômicos). DIEESE (2002).

Redistributive, Compensatory, and Remedial Policies

Ideally, the conditions of the poor should be improved without affecting the usually meager benefits already enjoyed by many segments of the middle classes. The fact, however, is that it has been impossible to increase social spending further without jeopardizing the need to keep the public sector in equilibrium. Social spending in Brazil is already high by international standards—about 20 percent of GNP, much higher than Chile (13.4 percent) and Mexico (13.1 percent)—and remained so during the 1990s (Fernandes, Rocha et al. 1998; Fernandes, Oliveira et al. 1998). Most of this spending is on retirement benefits, and is highly regressive. Estimations based on the Brazilian Institute for Geography and Statistics (IBGE) Living Standards Survey of 1996–1997 show that only about 13 percent of the social spending goes to the lower-income segments (Amsberg, Lanjuow, and Nead 2000). A program-by-program analysis made by Ricardo Paes e Barros and colleagues found that public expenditures in preschool and primary education are well focused on the poor; but pensions, unemployment insurance, and maternal, secondary, and higher education are strongly regressive (Barros and Foguel 2000). Public health expenditures are also very regressive: most public health care is delivered by private providers, but paid by the government. Since most of the private resources and equipment are in the richest regions and cities, their citizens get much better health care than those living in poorer areas. For private expenditures, a comparison between data from 1987 and 1996 showed that, in spite of the good purposes of the universalization and decentralization of public health promoted by the Brazilian Constitution of 1988, they are more regressive today than they were ten years ago (Médici 2002).

The need to reduce expenditures benefiting civil servants and other middle sectors is not just a question of social justice, but a crucial part of the effort to bring the public budget under control. Changes in expenditure levels or in the focalization of these programs, however, would affect the interests of highly organized and vocal groups. They could also lead to confrontations or be blocked by the judiciary, given the Brazilian tradition to consider "acquired rights" as not amenable to change. The Cardoso government was able to pass legislation reducing some outlandish benefits for civil servants, without, however, bringing the system under control or making it less regressive. The Lula government made a strong commitment to redress the inequities in the social-security system, going beyond what his predecessor was able to achieve.

While social spending is not increased or redirected, governments have started with policies and programs to deliver some resources to needy (or not so needy) segments of the population. Examples are the *bolsa-escola*, a program to provide cash to families with young children on the condition

that they send them to school, adopted by the federal government and several municipalities and state administrations; *bolsa-alimentação*, a subsidy given to poor pregnant and nursing mothers; a subsidy for the acquisition of cooking gas; a program for the eradication of child labor; and several others. Many states and municipalities have followed suit, with, for instance, the *renda cidadã* in São Paulo and the *cheque cidadão* in Rio de Janeiro, a program to handle cash subsidies to families through evangelical churches. Several million people receive these benefits each month but, since these programs are not coordinated, there is no information on possible overlaps, proper coverage, etc.[15]

Another initiative was to try to stimulate welfare initiatives of the population, through donations and the mobilization of voluntary organizations and religious groups. The Cardoso government, with the leadership of the first lady, created a program of community work and solidarity *(comunidade solidária)* to bring together government and civil society, with activities targeted to the poorest segments in the countryside and in the periphery of the large cities. In the absence of assessments, it is difficult to know the real impact of these programs, but it is unlikely that, by themselves, they could have changed the general conditions of poverty and social inequity in a significant way.

The government of Luis Inácio Lula da Silva started with a high-profile "program against hunger," to make sure that all Brazilians could be assured of having at least three healthy meals a day. This program is supposed to dramatize his government's commitment to deal with the problems of poverty and inequity, and to compensate for its conservative economic policies. As of this writing, the details of this program are still being worked out, but some of the key components can be identified. They include the distribution of money to the poor to acquire food (either through food coupons or magnetic cards), education programs to teach the population about nutrition needs, incentives for the production of foodstuffs, and the mobilization of society to control the implementation of the program and the proper use of these resources. From the beginning, this program has been mired in controversy and criticized for its lack of focus and overlap with other social programs. There are several proposals to unify and simplify the current dispersion and overlap of social programs into one integrated program of minimum income, or negative income tax, and, for some of its critics, the "program against hunger" seems to be a step backward from this point of view.[16]

Employment

The opening of the economy was feared to have a serious impact on the job market, by shrinking the industrial sector and increasing the number of

people working in informal, short-term occupations. Some of these effects did occur, but not on the scale that is often proclaimed. During the 1990s, about 13 million persons were added to the labor force, mostly to the services sector. Industrial employment did not increase, and agricultural employment fell sharply (see Figure 6.6). Already in 1992, more than half of the workers, 56 percent, did not contribute to social security, meaning that they did not have regular job contracts, and were not entitled to benefits such as unemployment insurance, regular vacations, paid retirement, etc. (see Figure 6.7). There was a slight improvement in this situation to 54 percent by 2001. Open unemployment, the percentage of active workers temporarily out of work, grew by about 3 percent in the period, from 6.5 to 9.4 percent.[17]

There is a clear association between the stagnation of industrial employment and the opening of the economy, which led to intense capitalization and higher productivity in the industrial sector (Rossi Júnior and Ferreira 1999). One of the standard assumptions regarding globalization is that we are now in a new "knowledge economy," heavily dependent on

Figure 6.6 Distribution of Economic Activities in Brazil, 1992–2001

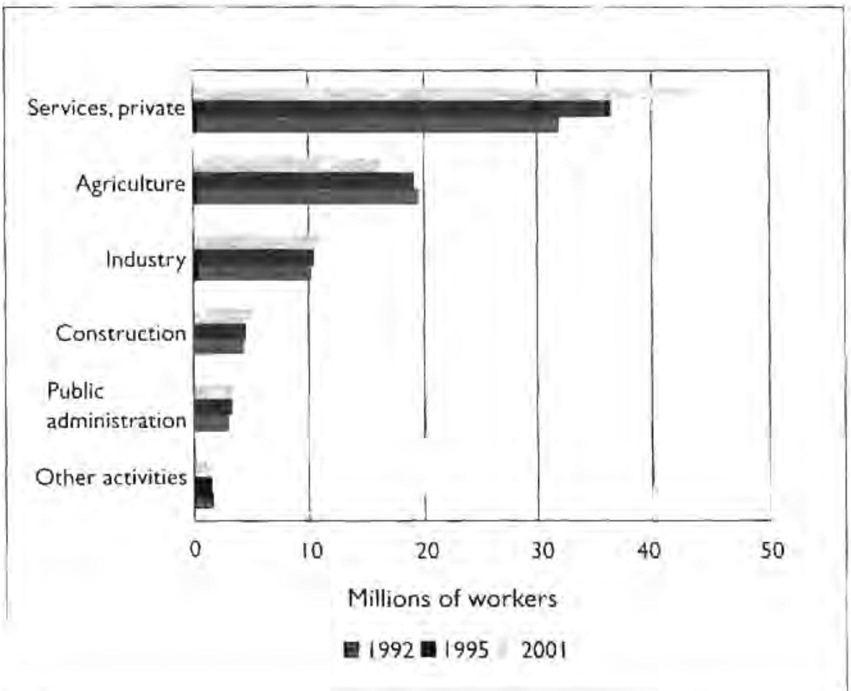
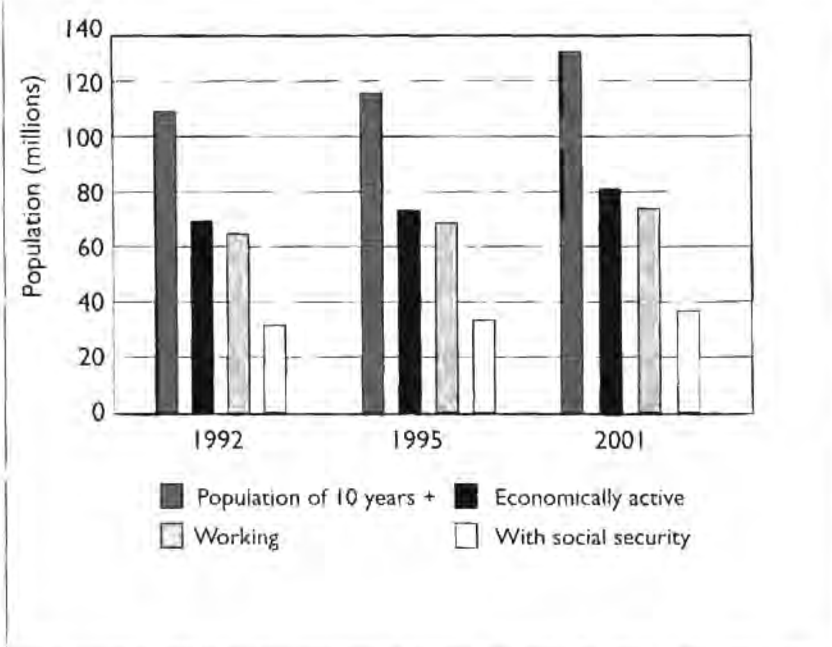


Figure 6.7 Occupation of the Brazilian Population, 1992–2001



qualified manpower, making obsolete other forms of industrial production and the provision of services based on routine and unskilled work. It is true that, in recent years, the labor markets have been more favorable to those with more educational credentials, but most of the economic activities and employment opportunities that exist in Brazil and other Latin American countries are still based on more traditional technologies and arrangements (Schwartzman 2002).

The large number of informal workers in Brazil is not a consequence of the growth of the knowledge economy and globalization, but the persistence of an old condition related to the combination of low education and the high overhead costs and bureaucratic complications for establishing formal working contracts, which small firms try to avoid. Most self-employed workers, and about half the employers, do not pay social security of any kind. Making labor contracts more amenable to negotiation, and less subject to administrative oversight and legal disputes, could bring welfare protection to more people and increase the tax basis for the welfare system (Pastore 1998; Camargo and Urani 1996; Amadeo, Gill, and Neri 2000).

The Cardoso government tried to introduce some timid changes in the labor legislation, but they were strongly resisted by the unions and the opposition parties. The Lula government has promised to move forward with these reforms.

A special chapter in the area of employment is agrarian reform, an issue with a very high profile, thanks to the mobilization skills of the leaders of the Movement of the Landless Workers (Movimento dos Trabalhadores Rurais Sem Terra) and their supporters. The problem seems to be straightforward: there are many people without land, and too much land in a few hands. If land were distributed to the landless, family agriculture would develop, urban overcrowding would recede, and poverty would be reduced. In fact, most Brazilians already live in urban areas and, barring Cambodia, there are no examples of massive returns of populations from urban to rural areas. Familiar agriculture still exists, but tends to be unproductive and bound to shrink still further due to competition from agribusiness and the lures of urban life. The Fernando Henrique government is supposed to have settled about half a million peasants, at an estimated cost of 40,000 reais, or about US$12,000 per settlement; and there is strong evidence that most of these settlements are unable to sustain themselves. Given the high subsidies implied in this policy, there are reasons to wonder whether these resources could have been put to better use (Graziano 2003a).

Education

If the economy does not create enough jobs, and the rigidity of the labor market cannot be changed, is it possible to improve employment through better education of the labor force? In the long range, probably yes. On short notice, however, it is not very likely. There is in Brazil a large fund named Fundo de Amparo ao Trabalhador (FAT), based on taxes levied on the country's firms, that can reach several billion dollars a year. Part of this fund is used by the National Development Bank to finance its operations; part is used for the payment of unemployment benefits; and part for an ambitious program to retrain the work force. FAT is administered by the Ministry of Labor and a council of participating business and trade union organizations, with decisions taken by consensus. Endowed with generous resources that are transferred to labor unions, universities, nongovernmental organizations, and other institutions, the program became an obvious instrument for political mobilization and patronage; but its impact and efficiency in reducing unemployment and improving the quality of the country's work force is still to be demonstrated.[18]

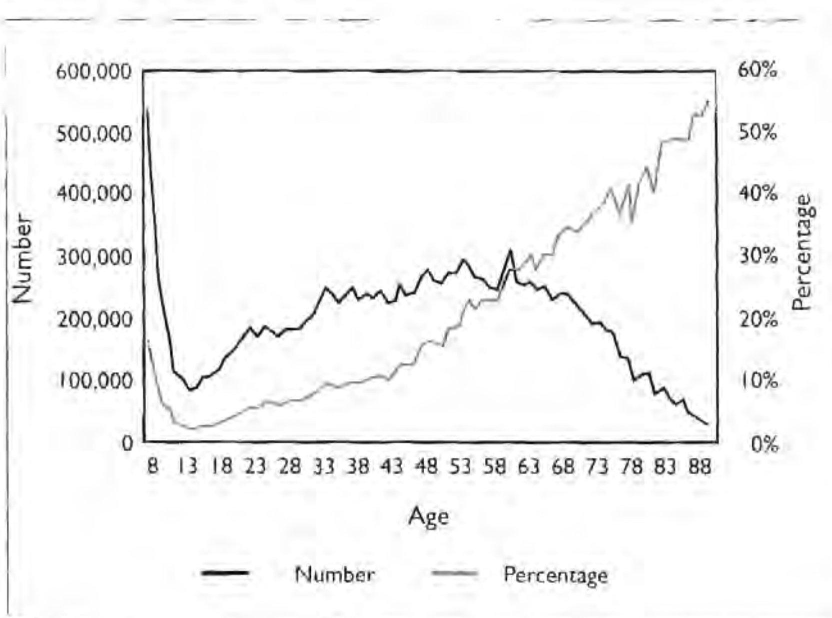
In formal education, illiteracy seems to be a serious problem, and has been given top priority by the Luis Inácio Lula da Silva government.

However, depending on how illiteracy is defined, it might not be so. The simplest information on illiteracy in Brazil is the answer, in the household surveys, of whether the person "can read and write." Most illiterates in Brazil, according to this definition, are older persons living in the poorest regions, and not many of them are likely to benefit from literacy campaigns and incorporate reading and writing habits into their daily lives. The other large group is the children that have still not learned at seven or eight. By the age of fourteen, illiteracy is limited to 2.5 percent of the population (see Figure 6.8).

Functional illiteracy, however, is another matter. There are strong indications that many students remain for many years in school without acquiring the basic literacy and numeracy skills. The key education problems in Brazil are the quality of public education, for the children who are already there, and the provision of basic education to adolescents and young adults who have dropped out of school.

The most important achievements in education of recent years were probably at the basic and secondary levels. The Brazilian constitution determines that the federal government should spend 18 percent of its resources on education, and state and local governments, 25 percent. A National Fund for Basic Education (FUNDEF) was established to make

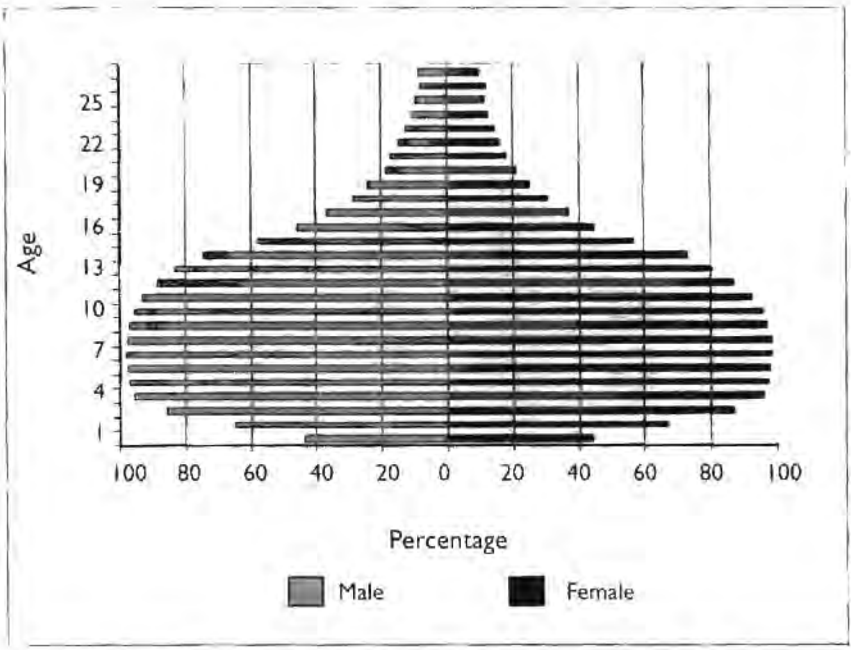
Figure 6.8 Illiteracy, by Age



sure that this money is actually spent on education and to establish a floor, through compensations, for public expenditures per student and per teacher for the whole country. One of the effects of FUNDEF was to stimulate the involvement of local municipalities with basic education, reducing the size and bureaucracy of state education administrations. A traditional research institution within the Ministry of Education, the National Institute for Education Research, was reinvigorated and became responsible for the reorganization of Brazil's education statistics and the implementation of three large systems of education assessment—the Assessment System for Basic Education (SAEB), the National Examination for Secondary Education, and the national examinations for undergraduate course programs, known as Provão. Other policies included the development of new contents of basic and secondary education, and the improvement of several programs to transfer resources directly from the central government to the schools—schoolbooks, lunch, and cash.[19]

These actions, combined with programs implemented by the state secretaries of education in many regions, led to an increase in enrollments in preschool, fundamental, and secondary education, and to reductions in stu-

Figure 6.9 School Enrollment by Age and Gender, 2001

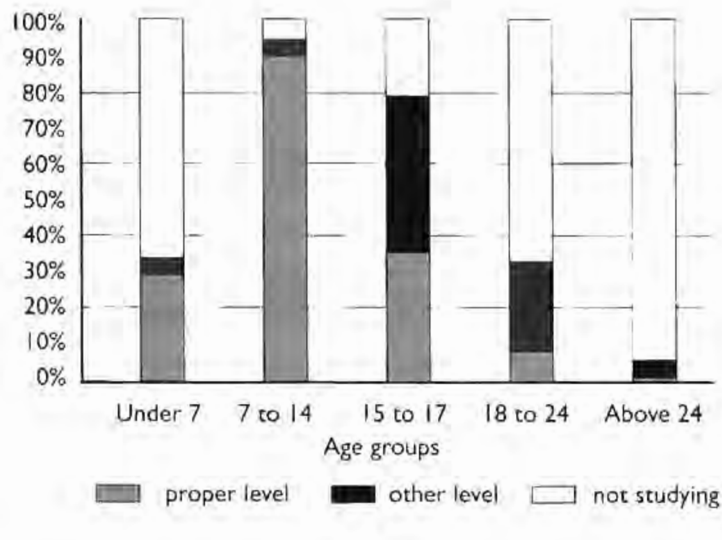


Source: Instituto Brasileiro de Geografia e Estatística (1992, 1995, 1999, 2001).

dent retention, more resources for teacher training and salaries, and more equipment and resources for schools. Today, practically all students aged seven to ten attend some kind of school (see Figure 6.9).

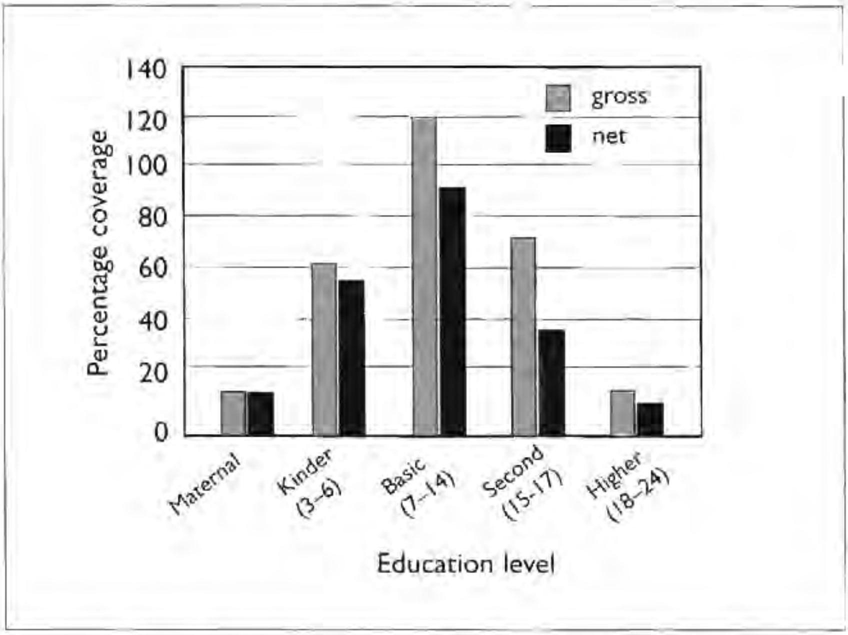
As seen in Figure 6.10, most youngsters between ages fifteen and seventeen are still not in secondary education. Because of retention, there are about 7 million students in basic education that are older than the reference group, and should not be there (giving a gross enrollment rate of 121 percent) (Figure 6.11). One consequence of this is that there is at least a 21 percent waste in the expenditures for basic education, which could otherwise be used to make the system better. In secondary education, about half the students are eighteen years or older, and should have already graduated. In higher education, which still matriculates only 9 percent of the age cohort, about half of the students are of age twenty-five or older. These distortions are related to a tradition of bad quality that limits the students' ability to learn, as revealed by SAEB and other assessments (Crespo, Soares, and Mello e Souza 2000), and generates high dropout rates as the young get into adolescence.

Figure 6.10 School Enrollment of the Brazilian Population, by Age Groups



Source: Instituto Brasileiro de Geografia e Estatística (1992, 1995, 1999, 2001)

Figure 6.11 Education Coverage in Brazil, 2001 (by education levels)



Source: Instituto Brasileiro de Geografia e Estatística (1992, 1995, 1999, 2001).

Achievements in higher education were less significant. Brazil has good graduate education and many well-recognized universities and professional schools, but the whole system is highly regressive, and unable to cope with the growing demand. The Brazilian federal government is responsible for an expensive network of public universities, which enrolls, however, only about 20 percent of the student body. Some other states, notably São Paulo, have their own universities, and there is a large private sector catering mostly to lower-income and working students through evening courses, and attending to about 70 percent of the student body. The high costs of public institutions are caused mostly by the salaries and retirement benefits of their academic and administrative staff, all civil servants endowed with job stability and early, fully paid retirement,[20] and by the maintenance of their teaching hospitals, which fill in, in practice, for the absence of adequate public hospitals in many places. These institutions are not free to establish their own salary scales, are not free to hire or dismiss staff, cannot charge tuition, have difficulty selling other kinds of services

(like consulting, extension work, and technical assistance), and are not able or required to care for the efficient use of their resources. It may seem obvious that universities should not be organized as branches of the civil service, but as autonomous organizations entitled to manage their human and financial assets with flexibility; that governments should finance public higher education according to clear standards of efficiency and social needs; and that the private beneficiaries of higher education should also contribute to their costs. All these issues, however, are very contentious and political, and the Cardoso government was unable to introduce significant changes in this sector. The relationships between the teachers' and civil servants' unions and the Laborers' Party have been much more friendly, and there is hope that the current government will be able to face the problems of higher education without so much opposition.

Deprived Sectors

The Cardoso government was also open to the demands and pressures coming from all kinds of nongovernmental and international organizations and movements, in Brazil and abroad—against racial discrimination, child labor, and police violence; for the protection of the Amazon rain forest; in favor of the Indian population, in support for women's rights, on behalf of gays and lesbians, and others. The Lula government is at least as open, if not more so. Each of these issues is important, and it is to the merit of these organizations and movements to have brought them to the foreground. At the same time, in a global world, they have the tendency to become national and international media events, with two consequences: they become simplified, in yes-or-no terms, and they may be given a priority that is not always justified. Two examples, race and child labor, can be mentioned to illustrate this problem.

The Brazilian statistical office collects information on the population "color," as a proxy for race: "white," "yellow" (now divided into native Brazilians and Orientals), "blacks," and "*pardos*" (mulattos).[21] On average, these last two segments, 44.6 percent of the population, come out as worse off than the white 53.7 percent in all indicators of income, welfare, and social opportunity. Racial discrimination may play a part in these differences, but it is not likely to be the most important factor, given the absence of a history of racial segregation, on one hand, and, on the other, the strong correlations between skin color and less access to good education, among other indicators of social deprivation. It would seem that policies aiming at improving the living conditions and opportunities of the poor would be the best approach to deal with racial inequality, without having to discriminate and stratify society according to racial lines, which, differently from the United States, are blurred and indistinct (Schwartzman 1999). The global-

ization of the race issue, stimulated by institutions such as the Ford Foundation, may have had the positive effect of bringing the question to the spotlight, but may have displaced the attention to secondary questions such as the introduction of racial quotas in higher education, favored by both the last and the current governments, without much consideration for their true need, as well as for the effectiveness and negative implications of such policies.

Regarding child labor, household surveys and censuses show the existence of several million children in Brazil doing some kind of work, most of them as part of their families' activities in rural areas. Usually, they work part time, and, statistically, working or not working has only a marginal effect on school attendance (Schwartzman 2001). Policies are clearly needed to take homeless children out of the streets, to prevent the abusive and exploitative types of child labor, and to provide better school opportunities and financial incentives to stimulate families to bring them to school. However, the dominant image of millions of children selling caramels or begging in the city streets, or working ten hours a day in sweatshops, or harvesting sugar cane, is distorted. This global image, enforced by the powerful pictures of Sebastião Salgado and institutions such as UNICEF and the International Labor Organization, has led to legislation forbidding child work in any circumstances, which is clearly unenforceable and counterproductive in many cases,[22] without addressing the real needs of important segments of the population. The largest child labor problem in Brazil, which does not gather headlines, are the millions of girls working as maids in private homes without any kind of protection or policies to relieve them from this condition.

These are very sensitive issues, emotionally charged and always controversial. When they appear as media events, the usual response from governments, from a public relations point of view, is to create other media events—to establish a working group, to create an agency, to sign a decree, to send a law to Congress, to start a legal procedure against someone. These responses, however, seldom lead to meaningful results.

Social Policies for the New Millennium: An Emerging Consensus?

On balance, it is misleading to say, with Stiglitz, that because of globalization, "little if any progress has been made in reducing inequality [in Latin America], already the highest of any region of the world, and the percentages, let alone numbers, in poverty actually increased. Unemployment, already high, has increased by three percentage points" (Stiglitz 2002b). In the case of Brazil, at least, the picture is not as bleak, and the explanation has less to do with globalization than with the government's inability to

redirect social spending and to implement better social policies. If the international scenario had been more favorable, the economy would be in better shape, and the government would have had more leeway to introduce social reforms without affecting so many interests. As it happened, the international context was not favorable, the government did not implement the reforms, and the country became much more vulnerable to the kind of crisis of confidence that took place in 2002. After the bad experiences of the 1990s, there is hope that the workings of global markets and global institutions will improve. However, they will not preclude active and well-conceived domestic policies to deal with problems of poverty and social equity.

A significant consensus is being built among Brazilian analysts about the causes and policies needed to confront the country's problems of poverty and inequity. It is clear that poverty is associated with the low quality and instability of the jobs available for the poorest and less educated segments of the population; that poverty and inequity would not disappear just through economic growth, requiring specific and well-focused policies; that social spending in Brazil is regressive and inefficient; and that it should be possible to do much better with the existing resources. The reduction of poverty and inequity is no longer seen as a weight or cost placing limits on economic growth, but, on the contrary, as an important instrument in bringing the Brazilian economy to new levels of economic performance. It is also part of this consensus that those in extreme conditions of poverty and need should not wait for the economy to grow or the social policies to improve, but rather require prompt assistance and support.[23]

There were, however, some important differences in perception and propositions along two interrelated main dimensions, one having to do with resources, the other related to social participation and mobilization. Regarding the first, there are those who hold that, instead of cutting expenses or redirecting social spending, it would be possible to increase public expenditures by raising the minimum wage, extending social-security benefits, investing more on public services, developing industrial policies for the production of goods for the popular markets, providing cheap loans for housing construction, and so forth (Medeiros 2002). These proposals have an unmistakable Keynesian flavor in assuming that the increase in the flow and distribution of resources would generate new demands for goods and services, thus stimulating economic growth. They have the additional advantage of not threatening the vested interests of unions and civil servants. Holders of the other view are skeptical about the possibility of raising public expenditures without fueling inflation, but more optimistic about the possibility of improving the quality and efficiency of social spending and of stimulating the economy through administrative and legal

reforms, to allow for a more efficient and healthy market environment. For them, the new policies for economic growth and social equity should be geared to stimulate private initiative, to continuous efforts in the improvement of education, and an upgrade in the government's ability to use existing resources. This would entail the completion of the "first generation" of social reforms—social security, the labor market, and the tax system (Werneck 2002)—and a series of "second generation" reforms, including the streamlining of the judiciary, changes in the capital market and in property laws, better access to credit, better regulation and decentralization in the management of public services, and so forth (Instituto de Estudos do Trabalho e Sociedade and Urani 2002; Lisboa 2002).

The second dimension opposes two visions about the way society should be organized—one more individualistic, the other more collectivist. In the first vision, society should be formed by free and independent citizens, and it is the role of government to provide equal opportunities for each to exert her or his personal freedom and individual choices. The other vision wants to have society as a strong and integrated body of committed citizens, conscious of their collective responsibilities and duties, and working in tandem for the common good. Collective action takes precedence over administrative rationality, and political commitment prevails over technical competence.[24] For the holders of the first vision, social policies should be simple and automatic, with the minimum possible intervention of public bureaucracies, political parties, and social organizations and movements. Part of this view voices the concern with improving the efficiency of state bureaucracy, and the reliance on expert knowledge to identify problems, set priorities, and assess the outcomes. For the holders of the second view, who approach the social question from a strong moral and often religious perspective, political mobilization and communal solidarity are essential, not only to release the power and energy of social participation, but also to restrain and limit the bad effects of individualism and egotism.

It is not difficult to identify these beliefs in the attitudes and behavior of specific intellectuals, political parties, and social movements, but it would be incorrect to map the members and supporters of the previous government entirely on one side, and the members and supporters of the current government entirely on the other. The interplay and disputes between these two views on how society should be led and organized will continue for the years to come within all social and political segments. The country's ability to deal properly with its problems of poverty and inequity hinges largely on the way these philosophical orientations will play out. The international context of globalization will always set limits and affect what the country can do, but ultimately it is on the domestic front that the battle for economic progress and social equity will be won or lost.

Notes

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1. For an earlier overview, see Schwartzman (2000).

2. For instance, several institutions associated with the PT, including the Central Labor Union (CUT) and religious groups, supported a national plebiscite, carried on through a signatures campaign, on whether Brazil should or not pay its external debt. Not surprisingly, 90 percent of those consulted (about 5 million persons, or 5 percent of the electorate) agreed that the debt should not be paid without being submitted to a process of "public auditing." For the stand of CUT on the matter, see http://www.cut-sc.org.br/tp1_plebis.htm; for the results, see http://www.jubileu2000.hpg.ig.com.br/resultado/Tabperg2.doc.

3. For a bibliographical essay on the economic, social, and political conditions of Brazilian independence, see Bethell and Carvalho (1984). For the special role of England in the period, see Manchester (1964). For the slave trade, see Bethell (1970) and Klein (1999). For the freemen in the cities and the countryside, see Mattoso (1988) and Franco (1969).

4. This was the period when social scientists in Latin America were doing research and writing about "marginality," a concern coming both from the political left and from the "progressive" sectors of the Catholic Church. See, among others, Vekemans, Silva Fuenzalida, and Giusti B (1970) and Germani (1972).

5. A very influential author in the nationalist vein was Hélio Jaguaribe. See, among others, Jaguaribe (1966).

6. See Cardoso and Faletto (1969). In a highly critical overview of the *dependencia* movement, Robert Packenham argued that the original thesis had been the work of Andrew Gunder Frank; but Frank also drew on existing sources (Packenham 1992). Previous works on dependency include Pinto (1960); Fanon (1961); Lambert (1963); Frank (1967). For a personal testimony on Prebisch and the earlier work of the Economic Commission of Latin America, see "A dinâmica do sistema centro-periferia" in Furtado (1985).

7. Since the 1970s, a growing body of literature comparing Brazil and Korea emerged. See, among others, Looney (1975); Frieden (1981); Dahlman and Sercovich (1984).

8. This is evident from the subjects of most of the Bank's "World Development Reports" since the 1990s: poverty (1990), health (1993), infrastructure (1994), employment (1995), planning and markets (1996), the state (1997), knowledge (1998/1999).

9. A quick survey on the Library of Congress catalog found 1,177 books with "globalization" in their titles. For a good summary of the globalization issues in all these dimensions, as applied to environmental issues, see Viola (1996).

10. For detailed history of economic policies in Brazil in the twentieth century, with special emphasis on the links between internal and external conditions, see the several articles in Abreu (1990). On conservative modernization, see Schwartzman (1988) and Reis (1990); on import substitution, see Tavares (1972); on the origins of Brazil's welfare state, see Dean (1969) and Gomes and Araújo (1989).

11. See, for a summary and interpretation of the economic developments in this period, Fishlow (2000).

12. However, due perhaps to the constraints of the 1988 Constitution, the Cardoso government did not advance much in the reorganization of the public sector, compared with the achievements of Minister Hélio Beltrão during the military regime (Brasil Ministério do Planejamento 2002; Oliveira 1984).

13. Joseph Stiglitz: "The first true test of these policies [of the Washington Consensus], when the countries were freed from the shackles of overhanging debt, helps explain the sense of disillusionment. Growth during that decade was just over half of what it was during the pre-reform and pre-crisis decades of the 1950s, 1960s, and 1970s. Even in those countries which have seen significant growth, a disproportionate share of the gains have gone to the better off, the upper 30%, or even the upper 10%, with many of the poor actually becoming worse off." (Stiglitz 2002b). See also, for a premonition of the problems to come, Dornbusch and Cardoso (1988).

14. These are monetary earnings from work of all family members in the household, divided by the number of family members irrespective of age, as reported to the National Household Survey. It does not include transfers and nonmonetary gains, common in the rural areas. The exchange rate of 2.3 reais per dollar, current at the time of the survey, was adopted. This survey does not include the population living the rural areas of the Northern region. Households that reported no income whatsoever (estimated at 820,000) were excluded from the calculations.

15. See, for an overview and a careful evaluation of a small *bolsa-escola* program in the city of Recife, Lavinas, Barbosa, and Tourinho (2001). The assessment finds, among other things, that thanks to the careful targeting and the links established by the program between the grantees and the local schools, it was possible to increase attendance of students who would otherwise have dropped out.

16. The most well-known but by no means only promoter of a minimum-income program has been the Laborers' Party senator Eduardo Matarazzo Suplicy. See Suplicy (2002) and Carmargo and Ferreira (2001).

17. These rates are from the yearly household surveys—PNAD—and are known to be systematically higher than the figures produced by IBGE's monthly employment surveys—PME—adopted until recently. Both, in turn, are about half the figures produced according to the methodology adopted by São Paulo's SEADE Foundation, which works with a broader definition of unemployment.

18. For attempts to evaluate FAT, see Brasil Ministério do Trabalho (1998). The main achievements described in this document are institutional and ideological, not educational or professional. See also Rios-Neto and Oliveira (2000) and Barros, Andrade, and Perrelli (2000).

19. See, for official overview, Brasil Ministério da Educação and Secretaria de Educação Fundamental (2002).

20. Because of uniform, nationwide careers and salary scales, the costs for the government are high, but salaries paid to the more qualified staff are well below expectations, generating frustration and dissatisfaction on both sides.

21. The figures for the 2000 census were: white, 53.74 percent; black, 6.21 percent; Orientals, 0.45 percent; *pardos*, 38.45 percent; indigenous population, 0.43 percent; and without information, 0.71 percent.

22. For instance, for the young person who leaves basic school at fourteen, but is forbidden to do any kind of work until he is sixteen, a proper combination of work and study can make more sense than the blank prohibition to work.

23. An important contribution for this consensus was the work of economists, demographers, statisticians, and sociologists at IPEA, the Brazilian Institute for Geography and Statistics, the University of Campinas, Fundação SEADE, Getúlio

Vargas Foundation, the Catholic University in Rio de Janeiro, and other institutions. For a collection of papers, see Henriques (2000).

24. Aaron Wildavsky, following the work of Mary Douglas, has described these two orientations as contrasting cultures, or "ways of life," generated by different combinations of group cohesion and social hierarchy (Thompson, Ellis, and Wildavsky 1990). See also Schwartzman (1997: chap. 4).